

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2126 - HB 2423

February 22, 2018

**SUMMARY OF BILL:** Extends application of the Neighborhood Preservation Act (NPA) to any county or municipality that has formed a land bank.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – To the extent civil suits are brought against owners of property in land banks, state and local governments may be impacted. The extent and timing of any such impacts are unknown due to multiple unknown factors.**

Assumptions:

- Pursuant to Tenn. Code Ann., Title 13, Chapter 30, a land bank corporation is created upon majority vote of the local legislative body. Once created, the land bank corporation has the power to: create a land bank from real property located within the boundaries of the creating local government; enter into contracts for the management of the property; and design, develop, construct and otherwise improve the real property.
- Pursuant to Tenn. Code Ann. § 13-6-103, under the provisions of the NPA, an owner of residential rental property or residential property is required to maintain the exterior of the property and the lot on which the property is located at a level that is no less than the community standards of the residential property in the area.
- Under current law, Tenn. Code Ann. § 13-6-105, the provisions of the NPA apply to Davidson, Shelby, and Madison Counties.
- Pursuant to Tenn. Code Ann. § 13-6-106(a) any interested party or neighbor, including a nonprofit organization, is authorized to bring a civil cause of action against building owners for failure to comply with local building regulations to enforce such regulations.
- The precise impact resulting from expanding the provisions of the NPA to all counties and municipalizes that have formed a land bank is dependent upon multiple unknown factors such as: the number of eligible properties in land bank communities, the number of civil suits filed, the number of owners failing to comply with court orders, the amount and number of receiver, state, or local liens filed, and the number of owners selling such properties to repay any outstanding liens.
- Given the extent of unknown factors, a precise fiscal impact to state and local government cannot be reasonably determined.

- Any increase in court cases will be absorbed within existing judicial resources. Any impact to the court system is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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